

Message Text

CONFIDENTIAL

PAGE 01 MANAMA 01019 01 OF 02 081639Z

40

ACTION NEA-10

INFO OCT-01 ISO-00 L-02 EB-07 COME-00 SS-15 NSC-05 CIAE-00

INR-05 NSAE-00 PA-01 RSC-01 USIA-06 PRS-01 SP-02

TRSE-00 XMB-02 OPIC-03 CIEP-01 FRB-01 EUR-12 AID-05

/080 W

----- 124807

P 081245Z DEC 74

FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHINGTON DC 1700

C O N F I D E N T I A L SECTION 1 OF 2 MANAMA 1019

E.O. 11652: GDS

TAGS HPD:BBIS, BA,US

SUBJECT : TAKEOVER OF RTV BAHRAIN BY BAHRAIN GOVERNMENT

REF : STATE 267659

1. GREATLY APPRECIATE TIMELY INFORMATION CONTAINED REFTTEL ON IMS BACKGROUND AND STATUS RELATIONS RTV BAHRAIN WITH GOB, AND GOB'S REPORTED INTEREST IN TAKING OVER RTV.

2. DECEMBER 5 RTV MANAGER HAMILTON CALLED ON ME IN CONFIDENCE TO RAISE THIS PROBLEM. HAMILTON'S VERSION IS THAT GOB'S FIRST FULL TIME INFORMATION MINISTER, TARIQ AL-MOAYYED, HAS SINCE ASSUMING HIS JOB LAST DECEMBER, BEEN DETERMINED THAT GOB WILL PLAY GREATER DIRECT ROLE IN MANAGING RADIO/TELEVISION IN BAHRAIN. HAMILTON ALLEGES MOAYYED'S EFFORTS TO FORCE THIS ISSUE HAVE NOT RECEIVED FULL SUPPORT OF CABINET AND THAT HENCE MOAYYED MAY BE RESIGNING. THERE HAVE BEEN IN LAST WEEK HINTS TO THIS EFFECT IN LOCAL PRESS.

3. FINANCIAL SITUATION IS AS FOLLOWS: RTV IS BUILDING LARGE MODERN RADIO/TELEVISION COMPLEX IN BAHRAIN. ACCORDING TO HAMILTON RTV HAS INVESTED B.D. 400,000 TO DATE AND HAS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANAMA 01019 01 OF 02 081639Z

B.D. 250,000 CALLABLE LINE OF CREDIT WITH NATIONAL BANK OF

BAHRAIN. (COMMENT: THESE FIGURES CHECK ROUGHLY WITH INFORMATION WILLIAMS PROVIDED ARP). HAMILTON SAYS APPROXIMATE VALUE RTV'S PRESENT PHYSICAL ASSETS IS B.D. 700,000. TO COMPLETE PROJECT AND HAVE EFFECTIVE MODERN TELEVISION/RADIO OPERATION, HAMILTON ESTIMATES RTV REQUIRES SLIGHTLY OVER B.D. ONE MILLION WHICH REPRESENTS A FINANCIAL INPUT OF AT LEAST B.D. 250,000 MORE THAN RTV'S PRESENT INVESTMENT TO DATE PLUS NATIONAL BANK LINE OF CREDIT. SOME OF THIS ADDITIONAL FINANCIAL INPUT IS REQUIRED TO COVER U.Y. EQUIPMENT WHICH ACCORDING TO HAMILTON HAS BEEN ORDERED UNDER FICA GUARANTEES. WHILE HAMILTON CONVINCED RTV HAS LONG-TERM POTENTIAL FOR COMMERCIAL PROFITABILITY, COMPANY HAS TO DATE NOT BEEN A MONEY MAKER AND HAMILTON CLAIMS IMS/RTV ORGANIZATION UNWILLING TO INVEST FURTHER IN THE OPERATION.

4. ORGANIZATIONAL SETUP AND CHARTER. RTV BAHRAIN, AS WILLIAMS ACCURATELY STATED, IS SUBSIDIARY ABC BEIRUT WHICH IN TURN IS SUBSIDIARY IMS. IMS/ABC HOLDS ONLY 80 PERCENT OF SHARES IN RTV BAHRAIN WITH GOB HAVING BEEN GIVEN REMAINING 20 PERCENT GRATIS. RTV BAHRAIN OPERATES HERE UNDER A CHARTER GRANTED BY AMIRI DECREE TO RTV INTERNATIONAL, A DELAWARE COMPANY HEADQUARTERED IN NEW YORK. RTV INTERNATIONAL IS WHOLLY OWNED SUBSIDIARY OF IMS AND ACCORDING TO HAMILTON HAS NO SIGNIFICANT ASSETS OTHER THAN BAHRAINI CHARTER. THE CHARTER GRANTS RTV INTERNATIONAL EXCLUSIVE RIGHT TO OPERATE COMMERCIAL TELEVISION AND RADIO IN BAHRAIN FOR TWENTY YEARS, UNTIL 1991. ACCORDING HAMILTON CHARTER PROVIDES FOR POSSIBILITIES OF RTV INTERNATIONAL BANKRUPTCY OR NATIONALIZATION BUT DOES NOT PREVENT RTV INTERNATIONAL FROM BEING SOLD TO

ANOTHER PARTY.

5. ACCORDING TO HAMILTON, MOAYYED HAS HAD DISCUSSIONS IN RECENT MONTHS WITH VARIOUS PEOPLE IN RTV/IMS CHAIN OF COMMAND ABOUT POSSIBLE RECAPITALIZATION OF RTV BAHRAIN TO GIVE IT REQUIRED FINANCIAL STRENGTH WITH GOB PROVIDING FUNDS FOR ACQUIRING LARGER SHARE OF OWNERSHIP. NOTHING DEFINITE HAS COME FROM THESE DISCUSSIONS TO DATE AND NOW

CONFIDENTIAL

PAGE 03 MANAMA 01019 01 OF 02 081639Z

ACCORDING HAMILTON, MOAYYED HAS HINTED THAT NATIONAL BANK WILL WITHDRAW B.D. 250,000 LINE OF CREDIT, THUS FORCING RTV TO THE WALL AND PRESUMABLY SETTING STAGE FOR GOB'S ACQUISITION OF RTV'S ASSETS IN BAHRAIN. (COMMENT: WHETHER AL-MOAYYED AS MINISTER OF INFORMATION HAS THE AUTHORITY TO REQUIRE NATIONAL BANK OF BAHRAIN TO CALL THE LINE OF CREDIT IS SOMEWHAT ACADEMIC SINCE MOAYYED'S FAMILY IS LARGE STOCKHOLDER IN BANK AND HE

PRESUMABLY CAN INFLUENCE BANK'S POLICY IN PRIVATE AS WELL AS IN OFFICIAL CAPACITY).

6 HAMILTON SAYS IF MOAYYED'S PRESSURES CONTINUE IMS PLANS TO SELL RTV INTERNATIONAL, HENCE THE CHARTER, AND ALLEGES THAT THE "FRENCH GOVERNMENT" HAS OFFERED TO BUY IT. HAMILTON MAINTAINS CONFIDENT CERTAINTY THAT IMS COULD GET BY WITH THIS PLOY THOUGH I PERSONALLY FIND IT EXTREMELY DIFFICULT TO VISUALIZE LUB PERMITTING THIS TO HAPPEN.

7. COMMENT: QUITE APART FROM QUESTION OF WHETHER RTV BAHRAIN IS DOING A GOOD JOB PROFESSIONALLY AND HAS SUFFICIENT FINANCIAL STRENGTH TO CONTINUE ITS ROLE HERE, ITS ACTIVITIES HAVE RECENTLY BEEN SURROUNDED BY SOME CONTROVERSY. THERE HAVE BEEN SERIOUS ALLEGATIONS MADE BY DEPARTING AMERICAN STAFF MEMBERS AGAINST THE LOCAL AMERICAN MANAGEMENT. THESE HAVE COME BOTH TO EMBASSY'S ATTENTION AND MOAYYED'S. EMBASSY HAS CAREFULLY STAYED OUT OF THESE PROBLEMS AND MINISTER HAS NEVER RAISED THEM WITH US. ALMOST IMMEDIATELY AFTER HAMILTON'S DECEMBER 5 VISIT I HAS OPPORTUNITY AT MOAYYED'S REQUEST TO SPEND OVER

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MANAMA 01019 02 OF 02 081503Z

43

ACTION NEA-10

INFO OCT-01 ISO-00 L-02 EB-07 COME-00 SS-15 NSC-05 CIAE-00

INR-05 NSAE-00 PA-01 RSC-01 USIA-06 PRS-01 SP-02

TRSE-00 XMB-02 OPIC-03 CIEP-01 FRB-01 EUR-12 AID-05

/080 W

----- 124615

P 081245Z DEC 74

FM AMEMBASSY MANAMA BAHRAIN
TO SECSTATE WASHDC 1701

C O N F I D E N T I A L SECTION 2 OF 2 MANAMA 1019

ONE HOUR IN FRANK AND INFORMAL DISCUSSIONS WITH HIM. WE COVERED WIDE ARRAY OF TOPICS AND HE HAD NUMEROUS OPPOR-

TUNITIES TO RAISE RTV PROBLEM. HE DID NOT. HE ALSO GAVE NO INDICATION OF BEING ABOUT TO LAY DOWN HIS PORTFOLIO. I WOULD BE VERY GRATEFUL FOR ANY ADDITIONAL INFORMATION WHICH MAY COME TO THE DEPARTMENT' ATTENTION ON WHAT COULD BECOME A VERY SENSITIVE PROBLEM AND WILL IN TURN KEEP DEPARTMENT INFORMED. IF GOB'S (OR MOAYYED'S) PRESSURE CONTINUES I THINK WE SHOULD BE PREPARED TO MAKE APPROPRIATE REPRESENTATIONS IN BEHALF ADEQUATE COMPENSATION FOR IMS/RTV INVESTMENT SHOULD GOB DECIDE TO TAKE OVER RTV IN MANNER SUGGESTING INADEQUATE COMPENSATION; AS TO SEEKING TO PRESERVE RTV'S ROLE IN BAHRAIN, I STRONGLY URGE WE NOT COMMIT OURSELVES IN THIS REGARD. UPON ARRIVING HERE I WAS APPALLED TO LEARN BAHRAINIS, IN LESS AFFLUENT DAYS, HAD BEEN SILLY ENOUGH TO LET A FOREIGN ENTITY, PARTICULARLY AN AMERICAN ONE, ASSUME FULL RESPONSIBILITY FOR PROGRAMMING AND OPERATION OF THE ONLY TELEVISION STATION IN THE COUNTRY. TO DATE, EVEN THROUGH OCTOBER 1973 WAR, THERE APPEAR TO HAVE BEEN NO SERIOUS ALLEGATIONS THAT RTV IS A TOOL FOR AMERICAN PROPAGANDA IN BAHRAIN, ALTHOUGH HAMILTON IN RECENT PRESS INTERVIEW RESPONDED TO RECURRENT LOCAL RUMOR RTV IS CIA COVER ORGANIZATION. FACT REMAINS, HOWEVER, THAT WE ARE EXTREMELY VULNERABLE TO SUCH ALLEGATIONS. IN MY OPINION
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANAMA 01019 02 OF 02 081503Z

RTV'S CONTINUATION HERE IN PRESENT ROLE IS NOT IN U.S. INTERESTS AND I WOULD BE MORE COMFORTABLE IF GOB WOULD TAKE IT OVER.
TWINAM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANAMA01019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740356-0398
From: MANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741251/aaaabrwg.tel
Line Count: 201
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 267659
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2002 by martinml>; APPROVED <25 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : TAKEOVER OF RTV BAHRAIN BY BAHRAIN GOVERNMENT
TAGS: BDIS, BA, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005